

Agency 126

State Investment Board**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2003-05 Expenditure Authority	60.6	100	13,348	13,448
Total Maintenance Level	60.6		14,178	14,178
Difference		(100)	830	730
Percent Change from Current Biennium	0.0%	(100.0)%	6.2%	5.4%
Performance Changes				
Recruitment and Retention			340	340
Middle Management Reduction	(.6)		(67)	(67)
General Inflation			(35)	(35)
Investment Performance and Accountability	12.0		2,586	2,586
Investment Personal Services Contract			(1,283)	(1,283)
Subtotal	11.4		1,541	1,541
Total Proposed Budget	72.0		15,719	15,719
Difference	11.4	(100)	2,371	2,271
Percent Change from Current Biennium	18.8%	(100.0)%	17.8%	16.9%
Total Proposed Budget by Activity				
Investment Activities	72.6		15,786	15,786
Middle Management Reduction	(.6)		(67)	(67)
Total Proposed Budget	72.0		15,719	15,719

PERFORMANCE LEVEL CHANGE DESCRIPTIONS**Recruitment and Retention**

Funding is provided to address issues of recruitment and retention of investment officers. (State Investment Board Expense Account-State)

Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

Investment Performance and Accountability

Funding of this item will improve the performance and accountability of the Washington State Investment Board (WSIB). It increases the capacity for investment manager selection and oversight, policy analysis, portfolio construction, research, and participation in corporate governance. The agency's objective is to effectively construct and oversee premium investment portfolios for state retirement systems and other public funds. This favorably positions the WSIB to meet or exceed the financial objectives of its clients. (State Investment Board Expense Account-State)

Investment Personal Services Contract

The State Investment Board reviews appropriated and nonappropriated fund obligations to ensure that expenditures are within the guidelines set forth in the agency's current policies and meet legislative intent. This is a technical adjustment that moves expenditures from appropriated to nonappropriated status as a result of this review. (State Investment Board Expense Account-State)

GOVERNMENTAL OPERATIONS

ACTIVITY DESCRIPTIONS

Investment Activities

The Washington State Investment Board (WSIB) manages approximately \$57 billion in investments for retirement, industrial insurance, and permanent and other trust funds, including the defined benefit and new hybrid defined contribution retirement plans for teachers, school employees, law enforcement officers, firefighters, and public employees. The WSIB also has investment authority for the Deferred Compensation Plan, Guaranteed Education Tuition program, Emergency Reserve Fund, Developmental Disabilities Endowment Trust, Judges Supplemental Retirement Fund, and the Basic Health Fund. The goal of the board is to diversify the assets and maximize investment returns, at a prudent level of risk, for the exclusive benefit of the respective fund beneficiaries.

Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount. These savings will be assigned to the appropriate activities after the budget is enacted.